

United States Senate

WASHINGTON, DC 20510

September 14, 2005

Attorney General Alberto Gonzales
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear General Gonzales:

We respectfully request your Department's assistance, technical and financial, to state attorneys general, to fight price gouging, contractor fraud, fraudulent charitable solicitations, predatory lending, and identity theft, which may arise in the wake of Hurricane Katrina and its aftermath.

As you know, the hurricane affected approximately 25 percent of our domestic crude oil production, and more than 10 percent of our domestic refining capacity—most of which supplies the East Coast and Midwest regions of the country. Meanwhile, prices surpassing \$5 a gallon were reported in some markets in the Southeast, with the national average gasoline price topping \$3 a gallon, according to the American Automobile Association. Even before the hurricane, average gas prices in our states were up 28%, an average of 52 cents per gallon more than they were at the same time last year, according to the federal Energy Information Administration. Today, they are averaging 90 cents a gallon more than last year.

Approximately 27 States and the District of Columbia have laws that expressly prohibit "price gouging," and many state attorneys general have authority to investigate price gouging and other frauds under applicable state consumer protection laws or anti-trust laws. State attorney general offices are actively pursuing investigations and bringing enforcement actions, despite limited resources. But state attorneys general would benefit from additional resources to investigate the claims of price gouging and unfair business practices that are brought to their attention.

The Congress may consider legislation that would enhance the authorities available to the Federal Trade Commission to investigate and prosecute claims of price gouging, and that would complement state attorney general enforcement and authority. But in the meantime, we request that the Department of Justice immediately provide technical, financial, and other assistance – to state attorneys general who make the

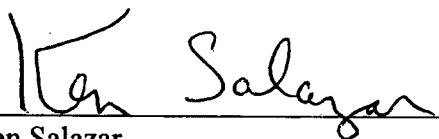
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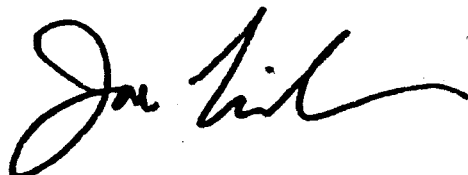
request – to enhance state efforts to enforce consumer protection laws that are already on the books. Specifically, we request that the Department of Justice provide assistance to and cooperate with the states in state investigations of price gouging or contractor fraud and in state litigation brought under applicable state or federal law. We also request that the Department of Justice draft and make public guidelines that are designed to assist the public in the recognition of price gouging and in bringing such practices to the attention of their state attorneys general. Such guidelines should complement state attorney general office enforcement and authority. Finally, we request that the Department of Justice provide grants to offices of the state attorneys general of up to \$50,000 to support the pursuit of price gouging or other fraud investigations and related activities. You have our commitment to seek the necessary appropriations for such grants.

Thank you for your consideration of this request.

Sincerely,



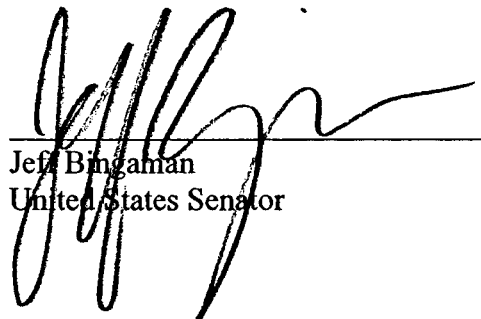
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